

GENERAL SUMMARY

RETIREMENT REFORM AND IT'S IMPACT ON CIA

I. Background ~~Points~~

- The expressed intention of both the Administration and Congressional leaders to establish a supplemental retirement plan for Social Security-covered federal employees hired after 31 December 1983, presents serious future problems for CIA unless the early retirement provisions of such a plan are essentially the same as under current Civil Service and CIARDS retirement law.
- The conceptual description presented by the Director of the Office of Personnel Management before the House Post Office Civil Service Committee in March 1983 of the Administration's supplemental plan would impose severe penalty reductions for early retirement and essentially eliminate early retirement as a viable option for most federal employees.
- For the present at least, the Administration has deferred action as regards introducing legislation for such a plan.
- The Senate Governmental Affairs and House Post Office and Civil Service Committees have recently initiated in-depth studies leading to design of a government-wide supplemental plan. A source associated with the House effort has indicated that at this point the intent is to design a plan that provides essentially the same retirement eligibility and annuities currently in effect under the Civil Service Retirement Act. Final work on the plan is not expected before November 1984 with the introduction of legislation in early 1985.
- Actions already initiated by the Agency toward the design of a CIA supplemental plan should be continued to completion to assure future readiness and input when Congress begins formulation of their plan proposals.
- The late 1984 tentative target date for completion of the House studies provides the opportunity for the Agency to develop understanding and support for CIA's special needs across a broader spectrum within the Administration and Congress.
- The broad retirement "reform" proposals cited in the President's FY-1984 budget would, if ever enacted, present extreme problems for CIA in terms of impact on all current civil service and CIARDS employees. Strong opposition within the Congress has resulted in the current suspension of action by the Administration to introduce enactment legislation. It must be expected that such legislation will be introduced at some future date.

II. General Impacts on CIA

Social Security coverage coupled with current federal retirement or a future reduced-benefit supplemental plan will ~~be a~~ *be a present problem*;

- A. Greatly increase retirement related employee costs from current 7% of salary to 12.7% under present law.
- B. Extend the age/service eligibility date for full retirement benefits accrual and create disincentives for employees to consider early retirement as a viable action.
- C. Establish the portability of Social Security coverage from federal employment to private sector careers.
- D. The institution of a future supplemental plan which would provide essentially the same eligibility and annuities currently in effect under civil service and CIARDS law is essential to CIA in modifying disincentives and permit maintenance of the quality workforce essential to accomplishment of the Agency missions.

III. Specific Impacts on CIA

Institution of a future supplemental plan which imposes heavily reduced benefits for early retirement and/or extends the eligibility age for reasonable annuities will ~~be to~~:

- A. Eliminate a vital management tool to CIA--the current provisions of both Civil Service and CIARDS law--which has provided the Agency with a capability to recruit and maintain the *quality* workforce in both the domestic and foreign sides of the Agency so essential to serving the Nation's vital intelligence needs. *9*
- B. *Remove A* Elimination of the strongest inducements for recruitment--the ability to offer, in return for service in demanding and often hazardous circumstances, the prospects of a career with developmental opportunities, timely promotions, and retirement with non-reduced annuities at a relatively young age.
- C. Create severe blockages in our career paths and seriously impair the ability of management to move promising individuals through needed rotational and developmental assignments.
- D. Essentially reduce promotion headroom in future years as employees defer their retirement to age 65 or later with 35 or 40 years of service.
- E. Nullify the understanding and intent of Congress when it enacted the CIARDS Act in 1964 in recognition of the special circumstances of service with the Clandestine side of the Agency abroad. The circumstances of frequently dangerous and adverse conditions can lead to early burnout or compromise. The absence of early retirement incentives for these employees would be severely incompatible with effective staffing of our overseas stations.

- Establish*
F. ~~The~~ *possibility* of Social Security coverage *which* would result in increased turnover of intelligence personnel and present increased security threats to safeguarding national security information.

- include*
G. ~~Inclusion of~~ CIA personnel, whether overt, covert, or potentially covert in the Social Security data base *and* poses severe security risks in terms of protecting the identities of individuals and the access by unauthorized persons to complete listings of all CIA personnel.